

## DIVISIONS

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Notary Public  
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Elections  
Information Technology  
Management Services  
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**BILL JONES**  
**Secretary of State**  
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**Statement by Secretary of State Bill Jones to**  
**Fair Political Practices Commission**  
**Monday, November 5, 2001**

Chairman Getman and Members of the Commission:

Earlier this year, my office notified the public that dozens of high-priced energy consultants to the Governor failed to file the Statements of Economic Interests mandated by state law.

After immense public pressure, some, but not all, of the Governor's advisors slowly began complying with the law. Only then was the public made aware that several of the Governor's most senior advisors were engaged in serious conflicts of interest while they were negotiating billion dollar power purchases by the state with companies in which they had a personal financial stake.

Had the Governor's advisors complied with disclosure laws when they assumed office, several of these conflicts may have been avoided and taxpayers may not have been saddled with the high-cost long-term contracts agreed to by the Governor's office.

Since we first raised the issue, the Governor has fired five individuals and was forced to terminate the services of two high-priced public relations advisors who were simultaneously on the payroll of both the State and Southern California Edison.

Amazingly, the Governor has taken no action whatsoever against several high-ranking officials within his administration who have demonstrated clear conflicts of interest during the energy crisis.

To avoid this type of breach of ethics in the future, I have proposed a 10 Point Ethics Reform Plan that would improve disclosure of potential conflicts of interest and would impose safeguards that will help prevent conflicts from resulting in the waste of taxpayer dollars.

While I realize individual Commissioners may have some differences of opinion on the specifics contained in my plan, I look forward to working with you and the bill's author, Assemblyman George Runner, to ensure that the people of California are protected from abuse of the public trust.

# **Secretary of State Bill Jones**

## **10 Point Ethics Reform Plan for California**

### **Conflict of Interest Disclosure**

1. Require public officials to file a Statement of Economic Interests the first day on the job. Employee paychecks should be withheld until SEI is filed.
2. Require electronic filing and Internet disclosure of Statements of Economic Interests
3. Require copies of the conflict of interest disclosure forms to be filed at both the employing agency and the Fair Political Practices Commission
4. Require FPPC and State Auditor to conduct compliance audits of state agencies and periodic reviews of SEIs for potential conflicts of interest.

### **Preventing Conflicts of Interest**

5. Require FPPC to periodically review conflict of interest disclosures and for comparison to policy actions.
6. Public officials to read and acknowledge receipt and understanding of their agency's Conflict of Interest Code.
7. Require all state employees to sign a standardized Code of Ethics.
8. Require agency/department heads and managers to review their employees' Statements of Economic Interests immediately upon filing. Add box on SEI for employer to sign once review is complete.
9. Prior to approving a contract that exceeds \$500,000, require the Department of General Services to review SEIs of public officials who participated in the procurement of the contract.
10. Prior to participating in contract negotiations, require public officials who participate in the procurement of services in excess of \$500,000 to sign a confidentiality agreement and a statement that they will not participate in decisions/discussions that involve companies in which the official has a financial interest.